



COUNTY OF LOS ANGELES TREASURER AND TAX COLLECTOR



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MARK J. SALADINO
TREASURER AND TAX COLLECTOR

May 7, 2002

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

**SALE OF 2002-2003 TAX AND REVENUE ANTICIPATION NOTES
LOS ANGELES UNIFIED SCHOOL DISTRICT
(ALL DISTRICTS - 3 VOTES)**

IT IS RECOMMENDED THAT YOUR BOARD:

Adopt the Resolution of the Board of Supervisors of the County of Los Angeles providing for the issuance and sale of the Los Angeles Unified School District 2002-2003 Tax and Revenue Anticipation Notes in an aggregate principal amount not to exceed \$750,000,000.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

The Governing Board of the Los Angeles Unified School District adopted a resolution on April 30, 2002 and determined that the District needs to borrow funds in an aggregate principal amount not to exceed \$750,000,000 to be used for authorized purposes. The District is requesting that your Board issue tax-exempt Tax and Revenue Anticipation Notes (TRANs) on behalf of the District in an aggregate principal amount not to exceed \$750,000,000.

Pursuant to Article 7.6 and commencing with Section 53850 of the Government Code, school districts organized and existing under the law of the State are authorized to borrow money by the issuance of short-term notes. Such notes shall be issued in the name and on behalf of such school district by the board of supervisors of the county following receipt of the district resolution requesting such borrowing.

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Implementation of Strategic Plan Goals

This action supports the County's Strategic Plan Goal of Organizational Effectiveness through collaborative actions among County departments and other governmental jurisdictions.

FISCAL IMPACT/FINANCING

None to the County. All debt will be paid by the District.

FACTS AND PROVISIONAL/LEGAL REQUIREMENTS

The Notes, with a true interest rate cost not to exceed eight percent (8%), will mature no later than 396 days after the issuance. The principal and interest payments of the Notes shall be payable from taxes, income, revenue, cash receipts and other moneys received by the District during or attributable to Fiscal Year 2002-2003.

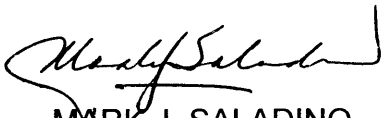
The District has selected Sperry Capital Inc. and Annette Yee & Company as Co-Financial Advisors; and the firms of Sidley Austin Brown & Wood LLP, and Curls Brown & Duran LLP as Co-Special Counsel for the 2002-2003 issuance of the TRANS. The attached Resolution provides for a limited competitive sale of the Notes by the Treasurer and Tax Collector to underwriters which have been selected and prequalified by the District.

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CONCLUSION

Upon approval of this Resolution, the Department will need two (2) originally executed copies of the adopted Resolution.

Respectfully submitted,



MARK J. SALADINO
Treasurer and Tax Collector

MJS:DL:BLC
zu:Board:lausd trans 2002-03

Attachments (2)

c: Executive Officer, Board of Supervisors
 Chief Administrative Officer
 Auditor-Controller
 County Counsel
 Los Angeles Unified School District
 Los Angeles County Office of Education
 Sperry Capital Inc.
 Annette Yee & Company
 Sidley Austin Brown and Wood LLP
 Curly, Brown & Duran LLP

**RESOLUTION
OF THE BOARD OF SUPERVISORS
OF THE COUNTY OF LOS ANGELES
PROVIDING FOR THE ISSUANCE AND SALE OF
LOS ANGELES UNIFIED SCHOOL DISTRICT
2002-2003 TAX AND REVENUE ANTICIPATION NOTES
IN AN AGGREGATE PRINCIPAL AMOUNT
NOT TO EXCEED \$750,000,000**

WHEREAS, school districts organized and existing under the laws of the State of California (the "State") are authorized by Article 7.6, Chapter 4, Part 1, Division 2, Title 5 of the Government Code of the State (commencing with Section 53850) (the "Act") to borrow money by the issuance of short-term notes, the proceeds of which may be used and expended for any purpose for which the school district is authorized to spend moneys; and

WHEREAS, pursuant to the Act, such notes shall be issued in the name and on behalf of such school district by the board of supervisors of the county, as soon as possible following receipt of a resolution of the governing board of such school district requesting such borrowing; and

WHEREAS, the Los Angeles Unified School District (the "District"), acting through its Board of Education, has adopted a resolution finding and determining that the District needs to borrow funds in the amount of not more than \$750,000,000 in Fiscal Year 2002-2003 for authorized purposes of the District, and such resolution requests that the Board of Supervisors of the County of Los Angeles borrow, on behalf of the District, not more than \$750,000,000 pursuant to said Act for any purposes for which the District is authorized to expend moneys; and

WHEREAS, pursuant to Section 53856 of the Act, certain revenues that will be received by the District for the General Fund of the District during or attributable to Fiscal Year 2002-2003 may be pledged for the payment of said notes and the interest thereon as hereinafter provided;

NOW, THEREFORE, the Board of Supervisors of the County of Los Angeles hereby finds, determines, declares and resolves as follows:

Section 1. County Board Recitals. All of the recitals herein set forth are true and correct, and the County Board (as hereinafter defined) so finds and determines.

Section 2. Definitions. Unless the context otherwise requires, the terms defined in this Section 2 shall, for all purposes of this Resolution, as it now exists and as it may be from time to time amended or supplemented, have the meanings herein specified, as follows:

"Authenticating Agent" means the Paying Agent.

"Business Day" means a day on which banks in the States of California and New York are not required or authorized to remain closed and on which The New York Stock Exchange is not closed.

“County” means the County of Los Angeles, California.

“County Board” means the Board of Supervisors of the County.

“County Counsel” means County Counsel of the County.

“District” means the Los Angeles Unified School District.

“District Board” means the Board of Education of the District.

“District Resolution” means the resolution of the District requesting that the County Board authorize the issuance of the Notes.

“DTC” shall mean The Depository Trust Company, New York, New York, and its successors and assigns.

“Fiscal Agent” means the Paying Agent.

“Interest Rate” means the rate or rates of interest borne by the Notes as set forth in the Note Purchase Agreement.

“Note Purchase Agreement” means the agreement or agreements for the purchase of the Notes entered into by and among the County, the District and the underwriters named therein.

“Nominee” means Cede & Co., the nominee of DTC.

“Note” or “Notes” means the Los Angeles Unified School District, 2002-2003 Tax and Revenue Anticipation Notes.

“Outstanding,” when used as of any particular time with reference to Notes, means all Notes being or having been executed and delivered pursuant to this Resolution except (1) Notes theretofore cancelled or surrendered for cancellation; (2) Notes with respect to which all liability of the District shall have been discharged in accordance with Section 3.5 hereof; and (3) Notes in substitution for which other Notes shall have been authenticated and delivered pursuant to this Resolution.

“Paying Agent” means the Treasurer and Tax Collector of the County acting as Paying Agent, Fiscal Agent and Authenticating Agent hereunder, and having its principal office in Los Angeles, California.

“Repayment Account” means the Los Angeles Unified School District, 2002-2003 Tax and Revenue Anticipation Note Repayment Account established pursuant to Section 8 hereof.

“Resolution” means this Resolution of the County Board providing for the issuance and sale of the Notes.

“Treasurer” means the Treasurer and Tax Collector of the County.

“Unrestricted Revenues” means taxes, income, revenue, cash receipts, and other moneys that are received for the General Fund of the District during or attributable to Fiscal Year 2002-2003 of the District and which are generally available for the payment of current expenses and other obligations of the District.

Section 3. Terms of the Notes.

3.1 Authorization of Issuance. Solely for the purpose of anticipating taxes, income, revenue, cash receipts and other moneys to be received by the District for the General Fund of the District during or attributable to Fiscal Year 2002-2003, and not pursuant to any common plan of financing, the County hereby authorizes, subject to the District’s compliance with Section 14 hereof, the issuance in the name and on behalf of the District of notes in an aggregate principal amount not to exceed Seven Hundred Fifty Million Dollars (\$750,000,000) in one or more series under Sections 53850 et seq. of the Act. The Notes shall be designated “Los Angeles Unified School District, 2002-2003 Tax and Revenue Anticipation Notes (with such additional or other series designated as may be authorized herein).”

3.2 Denominations, Maturity and Payment. The Notes shall be issuable in the denominations of \$5,000 and any integral multiples thereof. The Notes shall be dated the day of issuance, shall mature not later than thirteen months after the date of issuance of the Notes, as set forth in the Note Purchase Agreement, and shall bear interest in accordance with Section 3.3 hereof. The Notes may be issued in one or more series as determined by the District. Principal of and interest on the Notes shall be paid at the principal office of the Paying Agent.

3.3 Interest Rate. The Notes shall bear interest at the Interest Rate from the initial date of the Notes to their maturity date and shall be payable on the maturity date or, in the case of a term to maturity greater than one year, shall be payable on a date no later than (1) one year from the date of issuance of the Notes and (2) on the maturity date. Interest shall be calculated on the basis of a 360-day year consisting of twelve 30-day months.

NOTWITHSTANDING THE FOREGOING, THE TRUE INTEREST COST WITH RESPECT TO THE NOTES SHALL NOT EXCEED 8%.

3.4 (a) Mutilated, Lost, Destroyed or Stolen Notes. If any Note shall become mutilated, the County, at the expense of the owner of said Note, shall execute, and the Authenticating Agent shall authenticate and deliver, a new Note of like tenor and number in exchange and substitution for the mutilated Note, but only upon surrender to the Authenticating Agent of such mutilated Note. Every mutilated Note so surrendered to the Authenticating Agent shall be cancelled by it and delivered to, or upon the order of, the County. If any Note shall be lost, destroyed or stolen, evidence of such loss, destruction or theft may be submitted to the County, the District and the Authenticating Agent and, if such evidence be satisfactory to each and an indemnity satisfactory to them shall be given, the County, at the expense of the owner, shall execute, and the Authenticating Agent shall thereupon authenticate and deliver a new Note of like tenor and number in lieu of and in substitution for the Note so lost, destroyed or stolen (or if any such Note shall have matured or shall be about to mature, instead of issuing a substitute Note, the Paying Agent may pay the same without surrender thereof). The Authenticating Agent may require payment of a sum not exceeding the actual cost of preparing each new Note issued

pursuant to this paragraph and of the expenses which may be incurred by the District, the County and the Authenticating Agent in the process. Any Note issued under these provisions in lieu of any Note alleged to be lost, destroyed or stolen shall constitute an original additional contractual obligation on the part of the District whether or not the Note so alleged to be lost, destroyed or stolen be at any time enforceable by anyone, and shall be entitled to the benefits of this Resolution with all other Notes secured by this Resolution.

(b) Transfer of Notes. Any Note may, in accordance with its terms, be transferred, upon the books required to be kept pursuant to the provisions of Section 3.4(d) hereof, by the person in whose name it is registered, in person or by his duly authorized attorney, upon surrender of such Note for cancellation, accompanied by delivery of a written instrument of transfer, duly executed in a form approved by the Authenticating Agent.

Whenever any Note shall be surrendered for transfer, the County shall execute and the Authenticating Agent shall authenticate and deliver a new Note. The Authenticating Agent shall require the owner of the Note requesting such transfer to pay any tax or other governmental charge required to be paid with respect to such transfer, and may in addition require the payment of a reasonable sum to cover expenses incurred by the County or the Authenticating Agent in connection with such transfer.

(c) Exchange of Notes. Notes may be exchanged at the office of the Authenticating Agent for a like aggregate principal amount of Notes or other authorized denominations of the same maturity and interest rate. The Authenticating Agent shall require the person requesting such exchange to pay any tax or other governmental charge required to be paid with respect to such exchange, and may in addition require the payment of a reasonable sum to cover expenses incurred by the County or the Authenticating Agent in connection with such exchange.

(d) Register. The Authenticating Agent will keep or cause to be kept, at its principal office, sufficient books for the registration and transfer of the Notes, which shall at all times be open to inspection by the owner of the Note; and, upon presentation for such purpose, the Authenticating Agent shall, under such reasonable regulations as it may prescribe, register or transfer or cause to be registered or transferred, on such books, Notes as hereinbefore provided.

3.5 Ownership, Cancellation of Notes. The District, the County, the Paying Agent and the Authenticating Agent may rely on the address of the owner of the Note as it appears in the register for any and all purposes. It shall be the duty of the owner of the Note to give written notice to the Authenticating Agent of any change in such address.

The District, the County, the Paying Agent and the Authenticating Agent may treat the person in whose name any Note shall be registered as the absolute owner of such Note, and payment of the principal of and interest on any such Note shall be made only to or upon the order of the registered owner thereof or its legal representative.

All Notes surrendered for payment shall be delivered to the Paying Agent and shall be promptly cancelled by it. The District may at any time deliver to the Paying Agent for cancellation any Notes previously authenticated and delivered hereunder that the District may have acquired in any manner whatsoever, and all Notes so delivered shall promptly be cancelled

by the Paying Agent. No Note shall be authenticated in lieu of or in exchange for any Notes cancelled as provided herein, except as expressly permitted hereunder. All cancelled Notes held by the Paying Agent shall be disposed of in any manner determined by the Paying Agent.

Section 4. Book-Entry System. Notwithstanding anything in this Resolution or any supplemental resolution to the contrary, the Notes shall be initially issued in the form of separate fully registered Notes. Except as provided in Section 4.1 hereof, all of the Notes shall be registered in the name of the Nominee.

With respect to the Notes registered in the name of the Nominee, the County and the Paying Agent shall have no responsibility or obligation to any participant or to any person on behalf of which such a participant holds an interest in the Notes. Without limiting the immediately preceding sentence, the County and the Paying Agent shall have no responsibility or obligation with respect to (i) the accuracy of the records of DTC, or any participant with respect to any ownership interest in the Notes, (ii) the delivery to any participant or any other person, other than a holder as shown in the registration books of the Authenticating Agent, of any notice with respect to the Notes, or (iii) the payment to any participant or any other person, other than a holder as shown in the registration books of the Authenticating Agent, of any amount with respect to principal of or interest on the Notes. The County and the Paying Agent may treat and consider the person in whose name the Notes are registered in the registration books of the Authenticating Agent as the holder and absolute owner of such Notes for the purpose of payment of principal of, premium, if any, and interest on such Note, for the purpose of giving notices and other matters with respect to such Notes, and for all other purposes whatsoever.

The Paying Agent shall pay all principal of and interest on the Notes only to or upon the order of the respective holders, as shown in the registration books of the Authenticating Agent or their respective attorneys, duly authorized in writing, and all such payments shall be valid and effective to fully satisfy and discharge the obligations hereunder with respect to the payment of principal of, premium, if any, and interest on the Notes to the extent of the sum or sums so paid. No person other than a holder, as shown in the registration books of the Authenticating Agent, shall receive a Note evidencing the obligation to make payments of principal, premium, if any, and interest pursuant to this Resolution and any supplemental resolution.

4.1 Transfers Outside Book-Entry System. In the event (i) DTC determines not to continue to act as securities depository for the Notes, or (ii) the Treasurer determines that DTC shall no longer so act and delivers a written certificate to DTC to that effect, then the Treasurer will discontinue the book-entry system with DTC. If the Treasurer determines to replace DTC with another qualified securities depository, the Treasurer shall prepare or direct the preparation of new, separate, fully registered Notes, registered in the name of such successor or substitute qualified securities depository or its nominee, or make such other arrangements acceptable to the County and DTC as are not inconsistent with the terms of this Resolution or any supplemental resolution. If the Treasurer fails to identify another qualified securities depository to replace DTC, then the Notes shall no longer be restricted to being registered in the registration books of the Authenticating Agent in the name of the Nominee, but shall be registered in whatever name or names holders of notes transferring or exchanging Notes shall designate in accordance with the Resolution.

4.2 Payments and Notices to the Nominee. Notwithstanding any other provision of this Resolution or any supplemental resolution to the contrary, so long as the Notes are registered in the name of the Nominee, all payments with respect to principal of, premium, if any, and interest on such Notes and all notices with respect to such Notes shall be made and given, respectively, as instructed by DTC.

4.3 Initial Depository and Nominee. The initial securities depository under this Resolution shall be DTC. The initial Nominee shall be Cede & Co., as Nominee of DTC.

Section 5. Form of Notes. The Notes shall be issued only in fully registered form, substantially in the form and substance set forth in Exhibit A attached hereto and by reference incorporated herein, the blanks in said form to be filled in with appropriate words and figures.

Section 6. Use of Proceeds. Proceeds of the Notes will be deposited either in the General Fund of the District or if the District has elected that the Note proceeds be invested pursuant to Section 10 of the District Resolution, such moneys shall be held by the Fiscal Agent and invested by the Fiscal Agent as directed by the District. Said moneys shall be used and expended by the District for any purpose for which it is authorized to expend moneys from the General Fund of the District. The County shall have no responsibility for assuring the proper use of Note proceeds by the District.

Section 7. Repayment Pledge. The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys that are received by the District for the General Fund of the District during or attributable to Fiscal Year 2002-2003.

As security for the payment of the principal of and interest on the Notes, the District has pledged, pursuant to Section 53856 of the Act, taxes, income, revenues, cash receipts and other moneys to be received by the District as follows: an amount equal to thirty-five percent (35%) of the principal amount of the Notes from the Unrestricted Revenues received by the District in the month ending December 31, 2002 an amount equal to thirty-five percent (35%) of the principal amount of the Notes from the unrestricted Revenues received by the District in the month ending March 31, 2003 an amount equal to thirty percent (30%) of the principal amount of the Notes from the Unrestricted Revenues received by the District in the month ending April 30, 2003 plus an amount sufficient to pay any interest on the Notes and any deficiency in the amount required to be deposited during any prior month, from Unrestricted Revenues received by the District in the month ending May 31, 2003 (such pledged amounts being hereinafter called the "Pledged Revenues").

The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the District from such Pledged Revenues, as provided by law.

In the event that there are insufficient Unrestricted Revenues received by the District to permit the deposit into the Repayment Account (as defined below) of the full amount of Pledged Revenues to be deposited from Unrestricted Revenues in a month, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully

available for the repayment of the Notes and the interest thereon, but only to the extent permitted by law.

Section 8. Establishment of Repayment Account. The Pledged Revenues (in cash or in investments permitted by Section 9 hereof that have a market value on such Business Day equal to the amount required to be deposited on such Business Day or whose maturity value on a maturity date no later than such Business Day is equal to the amount required to be deposited on such Business Day) shall be deposited by the Treasurer, on behalf of the District, with, and held in trust by, the Fiscal Agent, as hereinafter appointed, in a special account designated the "Los Angeles Unified School District, 2002-2003 Tax and Revenue Anticipation Note Repayment Account" (the "Repayment Account"), and shall be applied as directed in this Resolution. The obligation to pay principal of and interest on the Notes shall constitute a first lien and charge on amounts deposited in the Repayment Account and any money deposited in the Repayment Account shall be for the ratable benefit of the owners of the Notes. Until the principal of the Notes and all interest due thereon are paid in full or until provision has been made for the payment in full of the principal of and interest on the Notes, the moneys in the Repayment Account shall be applied only for the purposes for which such Repayment Account was created. The Pledged Revenues are required to be deposited in the Repayment Account in the amounts indicated in Section 7 on December 31, 2002, March 31, 2003, April 30, 2003 and May 30, 2003 respectively (each a "Pledge Date"). In the event that there have been insufficient Unrestricted Revenues received by the Treasurer on behalf of the District, by the third Business Day prior to any Pledge Date, to permit the deposit into the Repayment Account of the full amount of the Pledged Revenues required to be deposited with respect to such Pledge Date, then the amount of any deficiency in the Repayment Account shall be satisfied and made up from any other moneys of the District lawfully available for the payment of the principal of the Notes and the interest thereon (the "Other Pledged Moneys") on such date or thereafter on a daily basis, when and as such Pledged Revenues and Other Pledged Moneys are received by the Treasurer, on behalf of the District, or directly by the District. Any balance in the Repayment Account on the day after the maturity date of the Notes in excess of the amounts needed to pay the principal of and interest on the Note shall be transferred to the District's General Fund.

Section 9. Investment of Note Proceeds and Repayment Account. Note proceeds may be held by the Fiscal Agent and invested by the Fiscal Agent at the direction of the District in one or more investment agreements and/or guaranteed investment contracts, provided, however, that the long-term ratings of the provider of such agreement or contract shall be rated at least AA- by Standard & Poor's Ratings Services or Aa3 by Moody's Investors Service. No such contract or agreement shall mature after the maturity date of the Notes or series of Notes, as applicable. Absent such direction, Note proceeds will be deposited in the General Fund of the District pursuant to Section 6 hereof.

Balances in the Repayment Account shall be invested as permitted by Section 53601 of the California Government Code or as determined by the District as it deems appropriate, which authority is granted herein in compliance with Section 53601(l) of the California Government Code; provided that any such investment shall only be made in (1) direct obligations of the United States of America, including United States Treasury notes, bonds and bills, (2) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (3) obligations fully and unconditionally guaranteed as

to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, (4) the Los Angeles County Treasurer's Pool or (5) one or more investment agreements and/or guaranteed investment contracts, provided, however, that the long-term ratings of the provider of such agreement or contract shall be rated at least AA- by Standard & Poor's Ratings Services or Aa3 by Moody's Investors Service. Investments of balances on behalf of each respective series in the Repayment Account shall not have maturity dates later than the maturity date of said series of the Notes.

The proceeds of investments of moneys held and invested by the Fiscal Agent pursuant hereto shall be retained or accounted for by the Fiscal Agent until the principal of all of the Notes and the unpaid interest thereon shall have been fully paid or until provision shall have been made for such payment, at which time any excess amount shall be transferred to the General Fund of the District.

Section 10. Fiscal Agent. The Paying Agent is hereby appointed Fiscal Agent for the Notes. Funds held by the Fiscal Agent pursuant hereto shall be held and invested as herein provided.

This appointment shall not preclude the County from removing the Fiscal Agent and appointing one or more successors thereto, all without notice to or the consent of the holder of any Note. Any such successor fiscal agent shall be acceptable to the District.

Section 11. Sale of the Notes. The Treasurer or his designee is authorized to execute and deliver a Note Purchase Agreement on behalf of the District on commercially reasonable terms and any other documents required to be executed thereunder, to deliver the same to the respective underwriter(s) and to negotiate the pricing of the Notes; provided, however, that in no event shall the aggregate price to be received for any series of the Notes be less than 97% of the aggregate principal amount thereof nor shall any series of the Notes bear interest at a true interest cost not to exceed 8% per annum.

Section 12. Execution of the Notes. The Chairman of the Board of Supervisors, the Executive Officer-Clerk of the County Board and the Treasurer are hereby authorized and directed to sign the Notes by use of their manual or facsimile signatures, and the Executive Officer-Clerk of the County Board is hereby authorized to affix the seal of the County thereto by facsimile impression thereof, and said officers are hereby authorized to cause the blank spaces thereof to be filled in as may be appropriate. The Notes shall not be valid, unless and until the Authenticating Agent shall have manually authenticated such Notes.

Section 13. Validity of Proceedings. It is hereby covenanted and warranted by the County that all representations and recitals contained in this Resolution are true and correct, and that the County, and its respective appropriate officials, have duly taken all proceedings necessary to be taken by them, and will take any additional proceedings necessary to be taken by them, for the levy, collection and enforcement of the taxes, revenue, income, cash receipts and other moneys pledged hereunder in accordance with law and for carrying out the provisions of this Resolution.

Section 14. Tax Covenants. The District has covenanted that it will make no use of the proceeds of the Notes or any other amounts that would cause the Notes to be “arbitrage bonds” under Section 148 of the Code; and, to that end, the District has agreed to comply with all requirements of said Section 148 of the Code and the Treasury Regulations promulgated thereunder, including restrictions on the use and investment of proceeds of the Notes and certain other amounts and the rebate of a portion of the investment earnings on proceeds of the Notes and certain other amounts, if required, to the United States. The District has further covenanted to do and perform all acts and things within its power and authority necessary to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code. In furtherance of the aforementioned covenants, the District has agreed to comply with the Tax Certificate to be executed by the District on the date of issuance and delivery of the Notes (the “Tax Certificate”). The Paying Agent, by acceptance of its duties hereunder, agrees to comply with any instructions received from the District that the District indicates must be followed in order to comply with the Tax Certificate. The District has covenanted that it will take no action that would cause the interest on the Notes to be included in gross income for federal income tax purposes, nor will it refrain from taking action required to maintain the exclusion of interest on the Notes from gross income for federal income tax purposes.

Section 15. This resolution shall become effective upon its adoption by the County.

[Remainder of this page intentionally left blank.]

The foregoing resolution was on the ____ day of ____, 2002, adopted by the Board of Supervisors of the County of Los Angeles and ex-officio the governing body of all other special assessment and taxing districts, agencies and authorities for which said Board so acts.

VIOLET VARONA-LUKENS
Executive Officer-Clerk of the Board of Supervisors

By _____
Deputy

Approved as to form:

LLOYD W. PELLMAN
County Counsel

By *Sheilah Curtis*
Principal Deputy County Counsel

EXHIBIT A
FORM OF NOTE

Unless this Note is presented by an authorized representative of The Depository Trust Company, New York, New York ("DTC") to the issuer or its agent for registration of transfer, exchange or payment, and any note issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

**LOS ANGELES UNIFIED SCHOOL DISTRICT,
2002-2003 TAX AND REVENUE ANTICIPATION NOTE**

Registered Owner: _____ Dated: _____
CUSIP No.: _____ \$ _____

FOR VALUE RECEIVED the Los Angeles Unified School District (the "District"), a school district duly organized and existing under the laws of the State of California, acknowledges itself indebted to and promises to pay the Registered Owner hereof, at the principal office of DTC, the principal sum of

_____ DOLLARS (\$ _____)

in immediately available funds in lawful money of the United States of America, on _____, 2003, together with interest thereon at the rate of

_____ (PERCENT _____%)

per annum in like lawful money of the United States of America from the date hereof until payment in full of said principal sum. Such interest shall be payable on the maturity date [or, in case of a term to maturity greater than one year, on a date no later than one year from the date of issuance of this Note and on the maturity date]. Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Both the principal of and interest on this Note (as defined below) shall be payable only upon surrender of this Note as the same shall fall due; [provided, however, interest shall be payable on _____, 2003 to the person in whose name the note is registered on _____ 15, 2003 by wire or check mailed to such registered owner].

The principal of and interest on this Note shall be paid by check or by wire transfer payable to or upon the order of the registered owner hereof upon presentation and surrender of this Note at maturity at the principal office of the Treasurer and Tax Collector of the County of Los Angeles, as Paying Agent (the "Paying Agent," "Fiscal Agent" and "Authenticating Agent") at Los Angeles, California. No interest shall be payable for any period after maturity during which the holder hereof fails to properly present this Note for payment.

The District and the Paying Agent may deem and treat the holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

It is hereby certified, recited and declared that this Note is one of an authorized issue of Los Angeles Unified School District, 2002-2003 Tax and Revenue Anticipation Notes (the "Notes") in the aggregate principal amount of _____ (\$_____,000,000), all of like date, tenor and effect, made, executed and given pursuant to and by authority of a resolution of the Board of Supervisors of the County of Los Angeles duly passed and adopted on _____, 2002 (the "County Resolution") and a Resolution of the Board of Education of the District duly passed and adopted on _____, 2002 (the "District Resolution") under and by authority of Article 7.6 commencing with Section 53850 of Chapter 4, Part 1, Division 2, Title 5, of the Government Code of the State of California, and all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California. Every capitalized term used herein which is not defined herein shall have the same meanings as provided in the District Resolution.

The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenues, cash receipts and other moneys that are received by the District during Fiscal Year 2002-2003. As security for the payment of the principal of and interest on the Notes the District has pledged an amount equal to thirty-five percent (35%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending December 31, 2002, an amount equal to thirty-five percent (35%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending March 31, 2003, and an amount equal to thirty percent (30%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending April 30, 2003, plus an amount sufficient to pay interest on the Notes and any deficiency in the amount required to be deposited during any prior period, from the unrestricted revenues of the District to be received in the month ending May 31, 2003 (pledged amounts being hereinafter called "Pledged Revenues"); and the principal of the Notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the District lawfully available therefor.

This Note shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Authenticating Agent.

IN WITNESS WHEREOF, the County of Los Angeles has caused this Note to be executed by the Chairman of the Board of Supervisors, the Executive Officer-Clerk of the Board of Supervisors and the Treasurer and Tax Collector by their [manual or facsimile] signature this _____ day of _____, 2002.

COUNTY OF LOS ANGELES

By: _____
Chairman of the Board of Supervisors

(SEAL)

By: _____
Executive Officer-Clerk of the
Board of Supervisors

By: _____
Treasurer and Tax Collector

CERTIFICATE OF AUTHENTICATION

This Note is one of the notes described in the within-mentioned District Resolution and is one of the Los Angeles Unified School District, 2002-2003 Tax and Revenue Anticipation Notes.

**TREASURER AND TAX COLLECTOR OF
THE COUNTY OF LOS ANGELES, as**
Authenticating Agent

By: _____
Name:
Title:

BOARD OF EDUCATION OF THE CITY OF LOS ANGELES
Governing Board of the Los Angeles Unified School District

***ADOPTED AS AMENDED**

Los Angeles, California
April 30, 2002

BOARD OF EDUCATION REPORT NO. 1

SUBJECT: 2002-2003 TAX AND REVENUE ANTICIPATION NOTES (TRANS)

PROPOSAL

It is proposed that the Board adopt the attached Resolution (Attachment A) authorizing:
(1) issuance of up to \$750 million in 2002-03 Tax and Revenue Anticipation Notes (TRANS) and requesting the Los Angeles County Board of Supervisors to issue the notes; (2) the sale of the notes on a limited competitive basis; and (3) the Chief Financial Officer to enter into a contract of purchase and, after conferring with the Los Angeles County Treasurer and Tax Collector, establish the interest rate on the notes.

It is further proposed that the Board authorize the Chief Financial Officer to approve as to form and execute necessary financing documents, and to enter into agreements with: (1) Sperry Capital, Inc. and Annette Yee & Co., as Financial Co-Advisors for the 2002-03 fiscal year; (2) Sidley Austin Brown and Wood LLP and Curls, Brown & Duran LLP as Co-Special Counsel; (3) Underwriters to be competitively selected from among the firms in the District's Underwriter Team for COPs and TRANS; and (4) the Treasurer and Tax Collector of the County of Los Angeles to act as Paying Agent in connection with the issuance of the notes.

BACKGROUND

Current cash flow projections for the 2002-03 fiscal year show that in several months during the year the District's unrestricted General Fund will not have sufficient cash on hand to meet anticipated expenditure requirements. The cash shortfall in October 2002 is projected to be approximately \$514 million. In addition, Federal Tax regulations allow the District to provide a reasonable working capital reserve for its cash flow needs. It is therefore advisable to request the Los Angeles County Board of Supervisors to issue TRANS of up to \$750 million on behalf of the District to ensure that there will be sufficient funds to cover these and any other unanticipated cash shortfalls during the first six months of 2002-03 fiscal year. It should be noted that the TRANS issue is for cash flow purposes and does not provide additional revenue to the District.

The sale of the notes will be on a limited competitive basis with the District's Underwriting Team for COPs and TRANs to provide the proceeds at the lowest net cost to the District. This Underwriting Team is comprised of the following firms: Banc of America Securities, LLC; Bear Stearns, & Co., Inc.; The Chapman Company; Lehman Brothers; Merrill Lynch & Co.; UBS Paine Webber Incorporated; Ramirez & Co., Inc; Siebert Bradford Shank & Co., LLC; and Salomon Smith Barney.

BUDGET IMPLICATIONS

The TRANs, in accordance with California Law, will be general obligations of the District payable out of 2002-03 fiscal year taxes and other revenue. The costs of services to be provided by the Financial Co-Advisors and Co-Special Counsel will be paid by the District from the net proceeds of the TRANs.

DESEGREGATION IMPACT

This action has been reviewed and does not require a Desegregation Impact Report.

RECOMMENDATIONS

IT IS RECOMMENDED that the Board of Education:

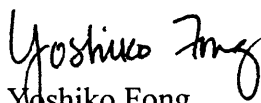
1. Adopt the attached Resolution authorizing, (1) the issuance of up to \$750 million in 2002-03 Tax and Revenue Anticipation Notes and requesting the Los Angeles County Board of Supervisors to issue the notes, (2) the sale of the notes on a limited competitive basis to the District's Underwriting Team for COPs and TRANs in order to provide the funds at the lowest net cost to the District, and (3) the Chief Financial Officer to enter into a Contract of Purchase and after conferring with the Los Angeles County Treasurer and Tax Collector, to establish the interest rate on the notes.
2. Authorize the Chief Financial Officer to approve as to form and execute necessary financing documents, and to enter into agreements on behalf of the District with: Sperry Capital, Inc. and Annette Yee & Co., as Financial Co-Advisors for the 2002-03 fiscal year; Sidley Austin Brown & Wood LLP and Curls, Brown & Duran LLP as Co-Special Counsel; and underwriters to be competitively selected from among the firms in the District's Underwriting Team as Underwriters in connection with the issuance of the Tax and Revenue Anticipation Notes.
3. Authorize the Chief Financial Officer to enter into an agreement with the Treasurer and the Tax Collector of the County of Los Angeles to act as Paying Agent in connection with the Tax and Revenue Anticipation Notes.

4. Authorize the Budget Services and Financial Planning Division to make the necessary budget adjustments in the 2002-03 budget to reflect the issuance of the Tax and Revenue Anticipation Notes.

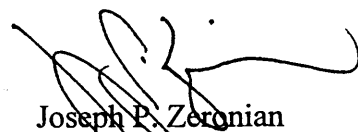
Respectfully submitted,

Roy Romer
Superintendent of Schools

PREPARED BY:


Yoshiko Fong
Controller

PRESENTED BY:


Joseph P. Zeronian
Chief Financial Officer

*AMENDMENT: Replacing Attachment A with Revised Attachment A.

RESOLUTION OF THE BOARD OF EDUCATION OF THE LOS ANGELES UNIFIED SCHOOL DISTRICT AUTHORIZING THE ISSUANCE OF NOT TO EXCEED \$750,000,000 2002-2003 TAX AND REVENUE ANTICIPATION NOTES FOR SAID DISTRICT AND REQUESTING THE BOARD OF SUPERVISORS OF LOS ANGELES COUNTY TO ISSUE SAID NOTES

WHEREAS, pursuant to Sections 53850 et seq. of the Government Code of the State of California (the "Act") contained in Article 7.6 thereof, entitled "Temporary Borrowing," on or after the first day of any Fiscal Year (being July 1), the Los Angeles Unified School District (the "District") may borrow money by issuing notes for any purpose for which the District is authorized to expend moneys, including but not limited to current expenses, capital expenditures, investment and reinvestment and the discharge of any obligation or indebtedness of the District; and

WHEREAS, Section 53853 of the Act provides that such notes must be issued in the name of a district by the Board of Supervisors of the county, the county superintendent of which has jurisdiction over said district, as soon as possible following the receipt of a resolution of the governing Board of the District requesting the borrowing; and

WHEREAS, the County Superintendent of Schools of the County of Los Angeles has jurisdiction over the District, and this Board of Education (the "District Board"), being the governing board of the District, hereby requests the borrowing of not to exceed Seven Hundred Fifty Million Dollars (\$750,000,000) through the issuance in one or more series by the County of Los Angeles (the "County") of the Los Angeles Unified School District, 2002-2003 Tax and Revenue Anticipation Notes (the "Notes") in the name of the District at a true interest cost not to exceed eight percent (8%) per annum per series; and

WHEREAS, such Notes, as required by Section 53854 of the Act, shall be payable not later than fifteen months after the date of issue, and such Notes shall be payable only from revenue received or accrued during or attributable to Fiscal Year 2002-2003; and

WHEREAS, pursuant to Section 53856 of the Act, the District may pledge any taxes, income, revenue, cash receipts or other moneys deposited in inactive or term deposits (but excepting certain moneys encumbered for a special purpose); and this Resolution specifies that certain unrestricted revenue which will be received by the District for the General Fund of the District during or attributable to Fiscal Year 2002-2003 is pledged for the payment of the Notes; and

WHEREAS, the Notes shall be a general obligation of the District, and to the extent not paid from the taxes, income, revenue, cash receipts and other moneys of the District pledged for the payment thereof shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as required by Section 53857 of the Act; and

WHEREAS, the Notes shall be in denominations of \$5,000 or integral multiples thereof as permitted by Section 53854 of the Act, shall be issued on the date to be designated by the Board of Supervisors of the County (the "County Board") therefor as permitted by Section 53853

of the Act and shall be in the form and executed in the manner prescribed in this Resolution, as permitted and required by Section 53853 of the Act; and

WHEREAS, the District Board has found and determined that said \$750,000,000 maximum principal amount of Notes to be issued by the County in Fiscal Year 2002-2003, when added to the interest payable thereon, does not exceed eighty-five percent (85%) of the estimated amount of the uncollected taxes, income, revenue (including but not limited to revenue from state and federal governments), cash receipts and other moneys of the District which will be available for the payment of the Notes and interest thereon, as required by Section 53858 of the Act; and

WHEREAS, the Notes will not be outstanding after a period ending thirteen months after the date on which such Notes are issued and will not be issued in an amount greater than the maximum anticipated cumulative cash flow deficit to be financed by the anticipated tax or other revenue sources for the period for which such taxes or other revenues are anticipated and during which such notes are outstanding, all as provided in the Income Tax Regulations of the United States Treasury promulgated under Section 148 of the Internal Revenue Code of 1986, as amended and related Revenue Rulings (the "Code");

NOW, THEREFORE, the Board of Education of the Los Angeles Unified School District hereby resolves as follows:

Section 1. Authorization of Issuance of Notes; Terms Thereof: Paying Agent. The District Board hereby requests the County Board to issue in the name of the District, an amount not to exceed \$750,000,000 principal amount of Notes in one or more series under Sections 53850 et seq. of the Act, designated "Los Angeles Unified School District, 2002-2003 Tax and Revenue Anticipation Notes" (with such additional or other series designations as may be authorized herein) (the "Notes"); to be numbered from 1 (and consecutively upward in order of issuance if more than one Note is registered); to be in denominations of \$5,000, or integral multiples thereof, as determined by the Underwriter; to be dated the date of delivery thereof; to mature (without option of prior redemption) not later than 396 days from said date of delivery (or 390 days computed on a 30-day month/360-day year basis), or if such date is not a day on which banks in the States of New York or California are open for business, on the last day prior to such date; and to bear interest, payable at maturity (or in the case of a term to maturity greater than one year, on a date no later than (i) one year from the date of issuance of the Notes by check or wire mailed to the registered owners thereof and (ii) on the date of maturity as described below) at the rate or rates determined at the time of sale thereof, but not in excess of eight percent (8%) per annum per series and computed on a 30-day-month/360 day year basis. The Notes may be issued in one or more series as determined by the Chief Financial Officer of the District ("CFO") or his designee. The principal of the Notes shall be payable, only upon surrender thereof, in lawful money of the United States of America at the principal office of the Treasurer and Tax Collector of the County (the "Treasurer") which is hereby designated to be the paying agent on the Notes (in such capacity the "Paying Agent") or such other paying agent as the County and District may designate. Interest shall be payable upon surrender as described in the preceding sentence except as otherwise provided in this Section 1. This Board hereby approves the payment of the reasonable fees and expenses of the Paying Agent as they shall become due and payable.

Section 2. Form of Notes. Each series of Notes shall be issued in registered form and shall be substantially in the form and substance approved by the County.

Section 3. Payment of Notes.

(A) Source of Payment. The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenue, cash receipts and other moneys which are received by the District during or attributable to Fiscal Year 2002-2003 and which are available therefor. The Notes shall be a general obligation of the District, and to the extent the Notes are not paid from the Pledged Revenues, as defined below, the Notes shall be paid with interest thereon from any other moneys of the District lawfully available therefor, as provided herein and by law.

(B) Pledged Revenues. As security for the payment of the principal of and interest on the Notes, the District hereby pledges an amount equal to thirty-five percent (35%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending December 31, 2002, an amount equal to thirty-five percent (35%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending March 31, 2003, and an amount equal to thirty percent (30%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending April 30, 2003, plus an amount sufficient to pay any remaining interest on the Notes and any deficiency in the amount required to be deposited during any prior month, from unrestricted revenues received by the District in the month ending May 31, 2003 (such pledged amounts being hereinafter called the "Pledged Revenues"). The term "unrestricted revenues" shall mean taxes, income, revenue, cash receipts, and other moneys of the District as provided in Section 53856 of the Act, which are intended as receipts for the general fund of the District and which are generally available for the payment of current expenses and other obligations of the District.

The principal of the Notes and the interest thereon shall be a first lien and charge against and shall be payable from the first moneys received by the District from such Pledged Revenues, as provided by law.

In the event that there are insufficient unrestricted revenues received by the District to permit the deposit into the Repayment Account (as hereinafter defined) of the full amount of Pledged Revenues to be deposited from unrestricted revenues in any of the months specified hereinabove, then the amount of any deficiency shall be satisfied and made up from any other moneys of the District lawfully available for the repayment of the Notes and interest thereon.

(C) Covenant Regarding Additional Short-term Borrowing. The District hereby covenants and warrants that it will not request the Treasurer of the County (the "Treasurer") to make temporary transfers of funds in the custody of the Treasurer to meet any obligations of the District during the 2002-2003 Fiscal Year pursuant to the authority of Article XVI, Section 6 of the Constitution of the State of California or any other legal authority.

(D) Deposit of Pledged Revenues in Repayment Account. The District shall request the Treasurer to deposit on December 31, 2002, March 31, 2003, April 30, 2003 and May 30, 2003 (each a "Pledge Date") with the Paying Agent the Pledged Revenues in cash or in

investment securities of the type the District is permitted to invest in under applicable California law (or as determined by the District as it deems appropriate, which authority is granted herein in compliance with Section 53601(1) of the Act) that have a market value or a maturity value on a maturity date no later than the maturity date of the Notes equal to the amount required to be deposited on such date. The District hereby agrees that if there have been insufficient unrestricted revenues received by the Treasurer on behalf of the District, by the third business day prior to any Pledge Date, to permit the deposit into the Repayment Account (defined below) of the full amount of the Pledged Revenues required to be deposited with respect to such Pledge Date, then the amount of any deficiency in the Repayment Account shall be satisfied and made up, but only to the extent permitted by law, from any other moneys of the District available for the payment of the principal of the Notes and the interest thereon (the "Other Pledged Moneys") on such date or thereafter on a daily basis, when and as such Pledged Revenues and Other Pledged Moneys are received by the Treasurer, on behalf of the District, or directly by the District. The Pledged Revenues shall be held by the Paying Agent in a special account designated as the "Los Angeles Unified School District 2002-2003 Tax and Revenue Anticipation Notes Repayment Account" (the "Repayment Account") and applied as provided in this Resolution. Any moneys placed in the Repayment Account shall be for the benefit of the holders of the Notes, and until the Notes and all interest thereon are paid or until provision has been made for the payment of the Notes at maturity with interest to maturity, the moneys in the Repayment Account shall be applied only for the purposes for which the Repayment Account is created.

(E) Disbursement and Investment of Moneys in Repayment Account. From the date this Resolution takes effect, all Pledged Revenues shall, when received, be deposited in the Repayment Account. After such date as the amount of Pledged Revenues deposited in the Repayment Account shall be sufficient to pay in full the principal and interest on the Notes when due, any moneys in excess of such amount remaining in or accruing to the Repayment Account shall be transferred to the general fund of the District upon the request of the District. On each respective interest payment date and maturity date of each respective series of Notes, the moneys in the Repayment Account shall be used, to the extent necessary, to pay the principal of and interest on the Notes.

Moneys in the Repayment Account, to the greatest extent possible, shall be invested at the request of the District in investment securities by the Paying Agent, in its capacity as fiscal agent, (i) as permitted by applicable California law, as it is now in effect and as it may be amended, modified or supplemented from time to time or (ii) as determined by the District as it deems appropriate, which authority is granted herein in compliance with Section 53601(1) of the Act); provided that no such investments on behalf of each respective series of Note shall have a maturity date later than the maturity date of the respective series of Note; provided further that any such investment shall only be made in (1) direct obligations of the United States of America, including United States Treasury notes, bonds and bills, (2) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by the United States of America, (3) obligations fully and unconditionally guaranteed as to timely payment of principal and interest by any agency or instrumentality of the United States of America when such obligations are backed by the full faith and credit of the United States of America, (4) the Los Angeles County Treasurer's Pool, and (5) as provided in Section 10 hereof.

Section 4. Execution of Notes. The District hereby requests the Chairman of the Board of Supervisors, the Executive Officer-Clerk of the County Board and the Treasurer to sign the Notes by use of their manual or facsimile signatures, and the Executive Officer-Clerk of the County Board is hereby requested to affix the seal of the County thereto by facsimile impression thereof, and said officers are hereby requested to cause the blank spaces thereof to be filled in as may be appropriate. The Notes shall not be valid, unless and until the authenticating agent selected by the District and the Treasurer shall have manually authenticated such Notes.

Section 5. Sale of Notes. The Notes shall be sold on a negotiated basis with a group of underwriters selected by the CFO. The sale and issuance of the Notes shall occur upon the terms and in the manner contemplated by one or more contracts of purchase entered into by and among the County, the District and the underwriter named therein (collectively, the "Note Purchase Agreement"). The CFO or his designee is each hereby authorized and requested to negotiate, approve and enter into such contract of purchase on behalf of the District.

The CFO is further authorized and requested to establish the interest rate on each series of the Notes after conferring with the Treasurer provided, however, (i) that the interest component of each series of the Notes shall not exceed 8% per annum and (ii) that the maximum aggregate discount from the principal amount of each series of the Notes shall not exceed 3%.

Section 6. Authorization of Preliminary Official Statement and Official Statement. The District is hereby authorized to prepare or cause to be prepared a Preliminary Official Statement and an Official Statement relating to the Notes, to be used in connection with the offering and sale of the Notes. The CFO or his designee is each hereby authorized to (i) execute and deliver any and all documents and certificates relating to such disclosure statements and (ii) execute and deliver the Official Statement.

Section 7. Authorization of Continuing Disclosure Agreement. The CFO is hereby authorized to execute the Continuing Disclosure Agreement to be used in connection with the offering and sale of the Notes.

Section 8. Delivery of Notes. The proper officers of the County are hereby requested to deliver the Notes to the purchasers of the Notes as identified in the Note Purchase Agreement executed in connection with the sale of the Notes. All actions heretofore taken by the officers and agents of the District Board with respect to the Notes are hereby approved, confirmed and ratified, and the officers of the District Board are hereby authorized and directed to do any and all things and take any and all actions which they, or any of them, may deem necessary or advisable in order to consummate the lawful issuance and delivery of the Notes in accordance with this Resolution and resolutions hereafter adopted by the County Board.

Section 9. Blanket Issuer Letter of Representations. DTC is hereby appointed depository for the Notes. DTC shall perform such functions according to the Blanket Issuer Letter of Representations on file with the Paying Agent. In the written acceptance by DTC of the Blanket Issuer Letter of Representations, DTC shall agree to take all actions necessary for all representations in the Blanket Issuer Letter of Representations with respect to DTC at all times to be complied with. In addition to the execution and delivery of the Blanket Issuer Letter of

Representations, the District shall take any other actions, not inconsistent with this Resolution or any supplemental resolution, to qualify the Notes for the DTC book-entry system.

Section 10. Authorization of Investment Agreements and Guaranteed Investment Contracts. Notwithstanding anything to the contrary contained herein, the CFO (or the CFO's designee) may determine in the best interest of the District to direct that the proceeds of the Notes and/or the moneys deposited in the Repayment Account be invested in one or more investment agreements and/or guaranteed investment contracts, provided, however, that the long-term ratings of the provider of such agreement or contract shall be rated at least AA- by Standard & Poor's Ratings Services or Aa3 by Moody's Investors Service. No such contract or agreement shall mature after the maturity date of the Notes or series of Notes, as applicable. In such event, the proceeds of the Notes as well as the Repayment Account will be held by the Paying Agent in the capacity of fiscal agent and the Paying Agent is hereby authorized to act in such capacity.

Section 11. Further Actions Authorized. It is hereby covenanted that the District Board and its appropriate officials, have duly taken all proceedings necessary to be taken and will take any additional proceedings necessary to be taken by them, for the levy, collection and enforcement of the secured property taxed and pledged under this Resolution in accordance with the law and for carrying out the provisions of this Resolution.

Section 12. Recitals. All the recitals in this Resolution above are true and correct and this District Board so finds, determines and represents.

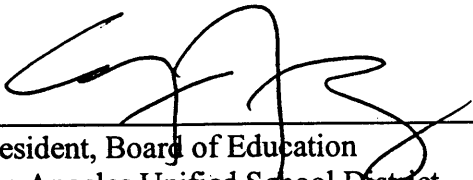
Section 13. Tax Covenants. The District covenants that it will make no use of the proceeds of the Notes or any other amounts that would cause the Notes to be "arbitrage bonds" under Section 148 of the Code; and, to that end so long as any of the Notes are outstanding, the District and all of its officers having custody or control of such proceeds agree to comply with all requirements of said Section 148 and the Treasury Regulations promulgated thereunder, including restrictions on the use and investment of proceeds of the Notes and certain other amounts and the rebate of a portion of the investment earnings on certain amounts, including proceeds of the Notes, if required, to the federal government. The District further covenants to do and perform all acts and things within its power and authority necessary to comply with each applicable requirement of Section 103 and Sections 141 through 150 of the Code. In furtherance of the covenants contained in this Section 13, the District agrees to comply with the Tax Certificate to be executed by the District on the date of issuance and delivery of the Notes (the "Tax Certificate"). The District covenants that it will take no action that would cause the interest on the Notes to be included in gross income for federal income tax purposes, nor will it refrain from taking action required to maintain the exclusion of interest on the Notes from gross income for federal income tax purposes.

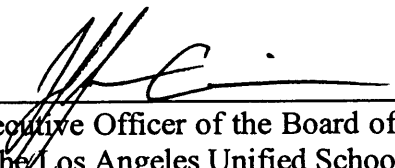
Section 14. Transmittal of Resolution. The Executive Officer of this Board is hereby directed to send an original certified copy of this Resolution to the County Board, the Treasurer and the County Superintendent of Schools.

[Remainder of this page intentionally left blank.]

PASSED AND ADOPTED by the Board of Education of the Los Angeles Unified School District this 30th day of April, 2002, by the following vote:

AYES: 7
NOES: 0
ABSENT: 0



President, Board of Education
Los Angeles Unified School District

Executive Officer of the Board of Education
of the Los Angeles Unified School District

EXHIBIT A
FORM OF NOTE

Unless this Note is presented by an authorized representative of The Depository Trust Company, New York, New York ("DTC") to the issuer or its agent for registration of transfer, exchange or payment, and any note issued is registered in the name of Cede & Co. or such other name as requested by an authorized representative of DTC and any payment is made to Cede & Co., ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL since the registered owner hereof, Cede & Co., has an interest herein.

**LOS ANGELES UNIFIED SCHOOL DISTRICT,
2001-2002 TAX AND REVENUE ANTICIPATION NOTE**

Registered Owner: _____
CUSIP No.: _____

Dated: _____
\$ _____

FOR VALUE RECEIVED the Los Angeles Unified School District (the "District"), a school district duly organized and existing under the laws of the State of California, acknowledges itself indebted to and promises to pay the Registered Owner hereof, at the principal office of DTC, the principal sum of

_____ DOLLARS (\$ _____)

in immediately available funds in lawful money of the United States of America, on _____, 2003, together with interest thereon at the rate of

_____ (PERCENT _____%)

per annum in like lawful money of the United States of America from the date hereof until payment in full of said principal sum. Such interest shall be payable on the maturity date [or, in case of a term to maturity greater than one year, on a date no later than one year from the date of issuance of this Note and on the maturity date]. Such interest shall be computed on the basis of a 360-day year consisting of twelve 30-day months. Both the principal of and interest on this Note (as defined below) shall be payable only upon surrender of this Note as the same shall fall due; [provided, however, interest shall be payable on _____, 2003 to the person in whose name the note is registered on _____ 15, 2003 by wire or check mailed to such registered owner].

The principal of and interest on this Note shall be paid by check or by wire transfer payable to or upon the order of the registered owner hereof upon presentation and surrender of this Note at maturity at the principal office of the Treasurer and Tax Collector of the County of Los Angeles, as Paying Agent (the "Paying Agent," "Fiscal Agent" and "Authenticating Agent") at Los Angeles, California. No interest shall be payable for any period after maturity during which the holder hereof fails to properly present this Note for payment.

The District and the Paying Agent may deem and treat the holder hereof as the absolute owner hereof for the purpose of receiving payment of or on account of the principal hereof and interest due hereon and for all other purposes and neither the District nor the Paying Agent shall be affected by any notice to the contrary.

It is hereby certified, recited and declared that this Note is one of an authorized issue of Los Angeles Unified School District, 2001-2002 Tax and Revenue Anticipation Notes (the "Notes") in the aggregate principal amount of _____ (\$_____,000,000), all of like date, tenor and effect, made, executed and given pursuant to and by authority of a resolution of the Board of Supervisors of the County of Los Angeles duly passed and adopted on _____, 2002 (the "County Resolution") and a Resolution of the Board of Education of the District duly passed and adopted on _____, 2002 (the "District Resolution") under and by authority of Article 7.6 commencing with Section 53850 of Chapter 4, Part 1, Division 2, Title 5, of the Government Code of the State of California, and all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Note have existed, happened and been performed in regular and due time, form and manner as required by law, and that this Note, together with all other indebtedness and obligations of the District, does not exceed any limit prescribed by the Constitution or statutes of the State of California. Every capitalized term used herein which is not defined herein shall have the same meanings as provided in the District Resolution.

The principal amount of the Notes, together with the interest thereon, shall be payable from taxes, income, revenues, cash receipts and other moneys that are received by the District during Fiscal Year 2001-2002. As security for the payment of the principal of and interest on the Notes the District has pledged an amount equal to thirty-five percent (35%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending December 31, 2002, an amount equal to thirty-five percent (35%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending March 31, 2003, and an amount equal to thirty percent (30%) of the principal amount of the Notes from the unrestricted revenues received by the District in the month ending April 30, 2003, plus an amount sufficient to pay interest on the Notes and any deficiency in the amount required to be deposited during any prior period, from the unrestricted revenues of the District to be received in the month ending May 31, 2003 (pledged amounts being hereinafter called "Pledged Revenues"); and the principal of the Notes and the interest thereon shall constitute a first lien and charge thereon and shall be payable from the Pledged Revenues, and to the extent not so paid shall be paid from any other moneys of the District lawfully available therefor.

This Note shall not be valid or become obligatory for any purpose until the Certificate of Authentication hereon shall have been signed by the Authenticating Agent.

IN WITNESS WHEREOF, the County of Los Angeles has caused this Note to be executed by the Mayor of the County, the Executive Officer-Clerk of the Board of Supervisors and the Treasurer and Tax Collector by their [manual or facsimile] signature this _____ day of _____, 2002.

COUNTY OF LOS ANGELES

By: _____
Mayor

(SEAL)

By: _____
Executive Officer-Clerk of the
Board of Supervisors

By: _____
Treasurer and Tax Collector

CERTIFICATE OF AUTHENTICATION

This Note is one of the notes described in the within-mentioned District Resolution and is one of the Los Angeles Unified School District, 2001-2002 Tax and Revenue Anticipation Notes.

**TREASURER AND TAX COLLECTOR OF
THE COUNTY OF LOS ANGELES, as**
Authenticating Agent

By: _____
Name:
Title: